



NEWS RELEASE

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Contact: Gerald Rome, Acting Securities Commissioner at 303-894-2320

FLORIDA BROKERS CHARGED WITH SECURITIES LAW VIOLATIONS

Denver, Colorado --- Acting Colorado Securities Commissioner Gerald Rome announced today that he filed a complaint in Denver District Court against Chadbourn Partners, LLC (“Chadbourn”), and its operators, Daniel R. Murphy (“Murphy”) and Henry Dyer Wiggins, Jr. (“Wiggins”). The Complaint alleges that Chadbourn, Murphy and Wiggins offered and sold unregistered securities and violated the anti-fraud provisions of the Colorado Securities Act (“Act”). All of the Defendants are from the Jacksonville, Florida area.

The Commissioner alleged in his complaint that from September 2010 – February 2012, Chadbourn, Murphy and Wiggins raised approximately \$879,000 from the sales of its unregistered debentures to at least 13 Colorado investors. Murphy and Wiggins were allegedly attempting to raise money to finance the growth of their brokerage firm, Chadbourn. They allegedly provided no disclosures regarding its proposed business, or its use of investor funds. According to the Complaint, Murphy and Wiggins hired Michael Mendenhall (“Mendenhall”), a former licensed stockbroker, to solicit investors in Colorado on its behalf. Mendenhall, in turn, encouraged his primarily elderly clients to cash out their annuities or other investments in order to invest in Chadbourn’s debentures. The Complaint alleges that Mendenhall described the debentures as being safe and as earning a higher rate of return than the clients’ former holdings.

The Complaint alleges that Chadbourn failed to tell investors that it would use their funds to pay Murphy’s personal expenses, including his mortgage and automotive expenses. Chadbourn allegedly did not tell potential or current investors that nearly 33% of its expenditures consisted of payments to its officers and persons, including Mendenhall, who solicited investors. Per the complaint, Murphy and Wiggins failed to disclose that Mendenhall was arrested for theft in November 2010. The Complaint alleged that Wiggins and Murphy failed to disclose that they used investor money to help Mendenhall pay some expenses related to his arrest, including attorney’s fees, and \$25,000 in bail. Mendenhall was subsequently convicted of theft and securities fraud in March 2012, and is currently serving a 30 years prison sentence.

Chadbourn is no longer operating, having failed to acquire and operate a licensed securities broker/dealer as proposed, and has failed to pay the interest due on its Debentures since April 2012.

The Commissioner alleges that Chadbourn, Murphy and Wiggins defrauded investors by making misrepresentations and omissions of material facts to them, all in violation of the anti-fraud provisions of the Act. The Complaint also alleges that the Chadbourn Debentures were not registered or exempt from registration as required. The Complaint seeks a preliminary and permanent injunction plus restitution and disgorgement against Chadbourn, Murphy and Wiggins. A copy of the complaint can be obtained by contacting the Division of Securities at 303-894-2320.

*The **Colorado Division of Securities** is responsible for the administration and enforcement of the Colorado Securities Act, the Colorado Commodity Code, the Colorado Municipal Bond Supervision Act, and the Local Government Investment Pool Trust Fund Administration and Enforcement Act. The Division licenses and regulates stockbrokers and investment advisers and the securities investments they offer, sell, and advise about in Colorado. The Division also investigates cases of alleged securities fraud.*

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.